

CALIFORNIA MEDICAL ASSISTANCE COMMISSION

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**CALIFORNIA MEDICAL ASSISTANCE COMMISSION**

State Capitol, Room 112
Sacramento, CA

Minutes of Meeting
July 27, 2006

COMMISSIONERS PRESENT

Cathie Bennett Warner, Chair
Michele Burton, M.P.H.
Diane Griffiths
Teresa P. Hughes
Vicki Marti
Nancy McFadden

CMAC STAFF PRESENT

Keith Berger, Executive Director
Enid Barnes
Tacia Carroll
Paul Cerles
Denise DeTrano
Holland Golec
Katie Knudson
Steve Soto
Michael Tagupa
Mervin Tamai
Carol Tate
Karen Thalhammer

EX-OFFICIO MEMBERS PRESENT

Toby Douglas, Department of Health Services
Bob Sands, Department of Finance

I. Call to Order

The July 27, 2006 open session meeting of the California Medical Assistance Commission (CMAC) was called to order by Chair Cathie Bennett Warner. A quorum was present.

II. Approval of Minutes

The July 13, 2006 meeting minutes were approved as prepared by CMAC staff.

III. Executive Director's Report

Keith Berger, Executive Director, began his report by presenting the Commissioners with a final draft of CMAC's Annual Report including changes submitted by the Commissioners. Following those remarks, Mr. Berger mentioned a few highlights of the report to the Commissioners.

Mr. Berger began by communicating to the Commissioners that the Selective Provider Contracting Program (SPCP) and managed care negotiations continue to be an effective means of allocating a limited amount of public funding in a way that assures continued access for Medi-Cal beneficiaries to hospital inpatient and health plan services while, at the same time, saving the state and federal governments substantial funds.

Mr. Berger said that in fiscal year (FY) 2005-06, hospital and managed care contracts negotiated by CMAC saved the State General Fund an estimated \$1.1 billion, compared to what would have been spent without these programs.

Mr. Berger said that this year's annual report shows the number of general acute care hospitals with an SPCP contract reported decreased to 216, which was one less than the number of hospitals under contract the prior year. He said that three SPCP hospitals terminated or closed, three non-contract hospitals joined (or rejoined) the SPCP, and two contract hospitals merged to become a single entity under a single contract. Given the merger, he said it is really the same number of facilities as last year.

Hospitals with SPCP contracts, said Mr. Berger, still account for 83.6 percent of the total estimated general acute care fee-for-service hospital inpatient Medi-Cal payments and 88.8 percent of the days.

Mr. Berger continued his update of the annual report by informing the Commissioners that a new section was added to this year's report with a brief overview of the new federal waiver and a description of the new supplemental programs that were established. Included in this section is a description of the Distressed Hospital Fund process.

Mr. Berger explained that this year's report shows CMAC has approved payments of just over \$272 million for FY 2005-06 from the Private Hospital Supplemental Fund, and \$3.7 million from the Nondesignated Public Hospital Supplemental Fund. CMAC also approved the distribution of the total amount of Distressed Hospital funds currently available for FY 2005-06 (approximately \$13 million, plus available federal financial participation).

The Executive Director concluded his review of the Annual Report by thanking CMAC Commissioners and staff, as well as the Department of Health Services and the Department of Finance, for their hard work during the past year as we transitioned to the new waiver. He also thanked the hospitals and health plans who negotiate with CMAC, for partnering with the State to meet the mutual goal of providing cost-effective and quality care for Medi-Cal beneficiaries.

Mr. Berger then asked the Commissioners for approval of this year's Annual Report. He said that after the report is approved, staff will distribute copies to the Legislature and those organizations and individuals on CMAC's Annual Report distribution list. The report will also be posted on CMAC's website. The 2006 CMAC Annual Report was then approved by the Commissioners.

Mr. Berger concluded by informing the Commissioners that there were a total of five amendments and contracts before them in closed session for their review and action today. He also noted that there were negotiation updates and several extended discussions scheduled regarding negotiation strategies and FY 2006-07 supplemental programs.

IV. Department of Health Services (CDHS) Report

Toby Douglas, Assistant Deputy Director, Medical Care Services, CDHS, began his report by updating the Commission that the coverage initiative legislation, SB 1448, was signed into law the previous week. This bill will allow CDHS to implement a component of the terms and conditions of the hospital financing waiver, and in years 3-5, a coverage initiative worth \$180 million per year will be implemented to expand coverage to uninsured residents of California. Mr. Douglas said the bill will allow local governments to apply for funds from CDHS for local coverage expansions that create better outcomes for the uninsured. He said CDHS is working tirelessly to submit a draft of their coverage initiative language to all interested parties and after they receive a response, CDHS will submit their final document. He said this initiative will be implemented in September of 2007.

Mr. Douglas continued his report by updating the Commissioners that CDHS continues to work on the third State Plan Amendment (SPA) for the waiver relating to physician services. He said this is a very complicated subject which involves a lot of input from the public hospitals and the University of California system. He said CDHS is incorporating comments to send to Centers for Medicare and Medicaid Services (CMS) to develop a rate structure that will allow the public hospitals to certify public expenditures related to contracted physicians.

Mr. Douglas reported that as part of the waiver for FY 2006-07, the 22 designated public hospitals will be receiving an interim rate increase which was part of the approved SPA, which will be based on their Medi-Cal cost reports.

Mr. Douglas concluded his report by updating the Commissioners on the proof of citizenship provisions of the federal Deficit Reduction Act. He said that CDHS continues to move as quickly as possible to implement these provisions, and that last week CDHS released proposed guidelines in a draft All-County Welfare Director's letter, which will be used to provide counties with the guidance on how to implement these provisions that require all Medi-Cal applicants as well as current beneficiaries to declare not only citizenship but to also provide documentation of citizenship as well as their identity. These provisions have been submitted to about 1,100 stakeholders for comments, and then CDHS will be meeting with advocates, the County Welfare Director's Association as well as health plan providers to

receive feedback. Mr. Douglas said CDHS hopes to implement these provisions in mid-August.

V. New Business/Public Comments/Adjournment

There being no further new business and no comments from the public, Chair Cathie Bennett Warner recessed the open session. Chair Bennett Warner opened the closed session, and after closed session items were addressed, adjourned the closed session, at which time the Commission reconvened in open session. Chair Bennett Warner announced that the Commission had taken action on hospital and managed care contracts and amendments in closed session. The open session was then adjourned.